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national commercial policies after the European war and their effect upon the foreign trade of the United States. (New York: Nat. Foreign Trade Council, India Sq. 1916. Pp. 118. 25c.)

Exporters' encyclopedia. (New York: Exporters' Encyclopedia Co., 78 Broad St. 1916. Pp. 1175. \$7.50.)

Export register of New York export commission houses. Second edition. (New York: Export Manufacturers of the United States. 1916. Pp. 319.)

Our trade with Latin America. (New York: Mechanics & Metals National Bank. 1916. Pp. 9.)

The strategic trade centers of the world. (New York: R. G. Dun & Co. 1916. Pp. 24.)

Watch your step in Australia! (Washington: Dept. of Comm. Bureau of Foreign and Domestic Comm. 1916. Pp. 29.)

Le guide de l'exportateur russe en France. (Paris: Chambre de Commerce Russe de Paris. 1916.)

Accounting, Business Methods, Investments, and the Exchanges

Auditing Theory and Practice. By ROBERT H. MONTGOMERY. Second edition revised and enlarged. (New York: The Ronald Press Company. 1916. Pp. xxvi, 889. \$5.00.)

Happy is the lot of the reviewer who finds on the publication of a second edition that his task offers the opportunity to express with new enthusiasm and in new measure his appreciation of the book. Montgomery's *Auditing* is standard; and it is so largely because it puts emphasis where emphasis belongs—on intelligence and judgment, as contrasted with mechanical checking, in audits. In the minds of some, Mr. Montgomery leans over backward in this regard, for he appears to think that as a general principle "test and scrutiny" will accomplish more than complete checking. Doubtless for one with a highly developed detective instinct and long experience, that is true; but in the audit of certain fiduciary accounts, more exactness is usually required than is implied by Mr. Montgomery's general discussion—which, it is only fair to say, is based chiefly on the needs of audits of mercantile, manufacturing, and service enterprises, for stockholders, creditors (actual or prospective), or investors. That Mr. Montgomery recognizes this is shown by a specific correction of his general implication as applied to the accounts of building and loan associations, for he says (p. 566), "in an audit under such circum-

stances, tests of the work are not usually sufficient." It is regrettable that such cautions are so inconspicuous. The point that does stand out, however, reinforced in the new edition, is that the auditor is concerned quite as much with things that are not on the books (but should be there) as with book figures; and that is why auditing is not primarily a task of checking. As is well said in the new edition (p. 48), "most fraud and carelessness lie in the transactions which do not reach the books, . . . evidence of or clues to which might be found in other . . . records." No other book on auditing dwells so satisfactorily on this point or shows by such well-chosen illustrations how evidence of omissions may be detected. The new edition gives many new illustrations.

Other changes in the new edition include enlargement of the sections on internal checks (which we may hope to find still further enlarged in a later edition), on liens and hypothecations, on interest as profit rather than cost (in which Mr. Montgomery takes the point of view commonly characteristic of auditors rather than that commonly taken by cost accountants), on acceptances, on forms of statements for credit purposes, on investigations after bankruptcy, and on the basis for reasonable rates. The last of these, since auditors are largely concerned with the application of sound theory, deserves fuller treatment. Mr. Montgomery cites the Kansas City Southern case (p. 639) and the Kings County Lighting Company case (p. 643), but with virtually no comment of his own—not even reminding the reader that in the former case the Supreme Court's decision was concerned not with the merits of the case but solely with jurisdiction.

A few sections not directly connected with the subject of the book, such as the chapter on C. P. A. regulations, and the corporation tax law, have been omitted from the earlier edition.

As a whole, the changes are not of sufficient importance to cause the new edition to displace the old, but new purchasers are to be congratulated on finding the new on the market.

It is regrettable that Professor Montgomery lends himself to the tendency among writers on business subjects to destroy the paragraph as a unit of expression. Reading is not made easier, but more difficult, when the reader must begin each paragraph with uncertainty whether the first words will continue the old thought or launch a new one—witness pages 54 and 55.

In form, the new edition is admirable—flexible leather binding, thin but strong paper, excellent type, with index (but not fully cross-indexed).

The publishers announce that the printing of 1916 with 100 pages on the federal income tax (the text used for this review) is now supplanted by a new printing without the sections on the income tax—but supplemented by a new edition, separately printed, on the latest interpretation of the income tax law.

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Predetermination of Prices. By FREDERICK A. PARKHURST. (New York: John Wiley and Sons, Inc. 1916. Pp. viii, 96. \$1.25.)

A careful reading of this book suggests that it is fairer to judge it by the content than by the title. Measured by the latter it is disappointing. Considered, rather, from the point of view of what the author has done, it is an excellent book. The title as it appears on the outside of the book is "Predetermination of Prices"; inside it reads "The Predetermination of True Costs and Relatively True Selling Prices." One expects, therefore, an argument relating to these matters, and seizes upon the volume in anticipation of reading on a subject concerning which very little has been written. Realization of this is difficult for there is almost nothing on the predetermination of costs. Seven eighths of the book deals with costs; the remainder with profit and selling prices.

Referring now to the content, the book may be said to contain an exceptionally complete and well-presented exposition of the usual methods of ascertaining costs with the "flourishes" of scientific management. It is a good book to which to refer a clerk in a cost department for a working manual or a student of the subject of cost accounting. To such persons it offers not only the principles of cost finding but unusually clear and complete illustrations of their application.

That the author has presented the subject in the usual manner will be seen from the chapter headings which are as follows: I, Importance of Absolute Control of All Sources of Information; II, Discussion of Elements Affecting True Costs; III, Direct Costs; IV, Indirect Costs; V, Recapitulation of Costs; VI, Estimating; VII, Profit and Relatively True Selling Prices; VIII, Conclusion. There is nothing new about the first six chapters. The noteworthy thing about them is the thoroughness with which the illustrations showing the applications of the principles have been worked out. The chapter on Profit and Relatively True Selling